



**CENTRAL INTELLIGENCE AGENCY**

WASHINGTON, D. C. 20505

**OFFICE OF THE DIRECTOR**

**17 JAN 1966**

Honorable Charles L. Schultze  
Director  
Bureau of the Budget  
Washington, D. C. 20503

Dear Mr. Schultze:

In accordance with Bureau of the Budget Circular A-19, revised, there are enclosed four copies of a draft bill, "To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes". This bill is submitted for clearance by Bureau of the Budget prior to submission to the Congress. Also enclosed are copies of the explanation and justification, together with proposed letters of transmittal to the President of the Senate and the Speaker of the House of Representatives.

Section 1 of the proposed bill will bring existing provisions of law in the field of travel expenses and overseas allowances into conformity with those available to the Foreign Service. Certain other provisions relating to re-employment rights, claims arising in foreign areas, and gifts are included in the section to accomplish purposes which we believe necessary.

By letter dated 14 March 1963, the Bureau of the Budget advised that there would be no objection to the presentation of a draft bill containing these same provisions. That bill was subsequently introduced as H. R. 7216, 88th Congress. The provisions were deleted from the bill without prejudice during consideration by the House Armed Services Committee.

Section 2 contains minor authorities necessary for the administration of the Agency retirement and disability system. Section 3 amends the Federal Employees Pay Act to exclude officers and employees of the Central Intelligence Agency. This proposal is in keeping with existing Civil Service Commission Regulations.

Advice is requested as to whether the Bureau of the Budget has any objection to the presentation of the proposed bill to the Congress from the standpoint of the Administration's program.

Sincerely,



W. F. Raborn  
Director

STATINTL

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A BILL

To amend the Central Intelligence Agency Act of 1949, as amended,  
and for other purposes.

1 Be it enacted by the Senate and House of Representatives of  
2 the United States of America in Congress assembled,

3 SEC. 1. The Central Intelligence Agency Act of 1949, as  
4 amended (50 U.S.C. 403 a et seq.), is further amended as follows:

5 (1) Amend section 3 by deletion of subsections (a)  
6 and (b) and substitute therefor:

7 "(a) In the performance of its functions, the Agency  
8 is authorized to exercise the authorities contained in sections 2301;  
9 2302 (2) and (3); 2303 (b) and (c); 2304(a) (1), (2), (3), (4), (5), (6),  
10 (10), (12), (15), and (17); 2305; 2306; 2307; and 2312 of title 10,  
11 United States Code.

12 "(b) In the exercise of the authorities granted in sub-  
13 section (a) of this section, the term 'Agency head' shall mean the  
14 Director and the Deputy Director."

15 (2) Amend section 3(d) by deletion of the wording  
16 "section 2(c) and section 5(a) of the Armed Services Procurement  
17 Act of 1947" from the first sentence and substitute therefor,

1 "section 2304(a) and section 2307 of title 10, United States Code."  
2 Further amend section 3(d) by deletion of the wording "section 2(c),  
3 by section 4 or by section 5(a) of the Armed Services Procurement  
4 Act of 1947" from the second sentence and substitute therefor,  
5 "section 2304(a), by section 2306 or by section 2307 of title 10,  
6 United States Code".

7 (3) Amend section 4 by adding the following new  
8 paragraphs (1)(G) and (1)(H), and (H), and further amend section 4 by  
9 deletion of the words "Under such regulations as the Director may  
10 prescribe, the Agency, with respect to its officers and employees  
11 assigned to duty stations outside the several States of the United  
12 States of America, excluding Alaska and Hawaii, but including the  
13 District of Columbia, shall--" and substitute therefor, "Under such  
14 regulations as the Director may prescribe, the Agency, with respect  
15 to its officers and employees assigned abroad to duty stations out-  
16 side the several States of the United States of America, excluding  
17 Alaska and Hawaii, but including the District of Columbia, may--".

18 "(1)(G) Pay the travel expenses of officers and  
19 employees of the Agency and members of their families, while  
20 serving at posts specifically designated by the Director for purposes

1 of this paragraph, for rest and recuperation to other locations  
2 abroad having different environmental conditions than those at the  
3 post at which such officers and employees are serving, provided  
4 that such travel expenses shall be limited to the cost for each  
5 officer or employee and members of his family of one round trip  
6 during any continuous two-year tour unbroken by home leave and  
7 two round trips during any continuous three-year tour unbroken  
8 by home leave;

9           "(1)(H) Pay the travel expenses of members of the  
10 family accompanying, preceding, or following an officer or  
11 employee if, while he is enroute to his post of assignment, he is  
12 ordered temporarily for orientation and training or is given other  
13 temporary duty."

14           "(8) Provide appropriate orientation and language  
15 training to members of family of officers and employees of the  
16 Agency in anticipation of the assignment abroad of such officers  
17 and employees, or while abroad."

18           (4) Amend section 4(3)(A) to read as follows:

19           "(3)(A) Order to any of the several States of the  
20 United States of America (including the District of Columbia, the

1 Commonwealth of Puerto Rico, and any territory or possession  
2 of the United States) on leave of absence authorized in section 203(f)  
3 of the Annual and Sick Leave Act of 1951, as amended, each officer  
4 or employee of the Agency who was a resident of the United States  
5 (as described above) at the time of employment, upon completion of  
6 three years' continuous service abroad or as soon as possible  
7 thereafter and may so order after completion of eighteen months  
8 such service without regard to the limitation contained in section 203(f)  
9 of the Annual and Sick Leave Act of 1951, as amended."

10 (5) Amend section 4(5) by striking out subsections (A)  
11 and (C) and inserting in lieu thereof the following new paragraphs  
12 (A) and (C):

13 "(A) In the event an officer or employee of the Agency  
14 or one of his dependents, requires medical care, for illness or  
15 injury not the result of vicious habits, intemperance, or misconduct,  
16 while on assignment abroad in a locality where there is no qualified  
17 person or facility to provide such care, pay the travel expenses of  
18 such officer, employee, or dependent by whatever means deemed  
19 appropriate by the Agency, including the furnishing of transportation,  
20 and without regard to the Standardized Government Travel Regulations

1 and section 10 of the Act of March 3, 1933, as amended (60 Stat.  
2 808; 5 U.S.C. 73b), to the nearest locality where suitable medical  
3 care can be obtained and on his recovery pay for the travel expenses  
4 of his return to his post of duty. If any such person is too ill to  
5 travel unattended, or in the case of a dependent too young to travel  
6 alone, the Agency may also pay the round-trip travel expenses of  
7 an attendant or attendants;"

8           "(C)(i) In the event of illness or injury requiring  
9 hospitalization or similar treatment incurred by an officer or  
10 employee of the Agency while on assignment abroad, not the result of  
11 vicious habits, intemperance, or misconduct on his part, pay  
12 for the cost of treatment of such illness or injury;

13           "(ii) In the event a dependent of an officer or employee  
14 of the Agency who is assigned abroad, incurs an illness or injury  
15 while such dependent is located abroad, which requires hospitaliza-  
16 tion or similar treatment, and which is not the result of vicious  
17 habits, intemperance, or misconduct on his part, pay for that  
18 portion of the cost of treatment of each such illness or injury that  
19 exceeds \$35 up to a maximum limitation of one hundred and twenty  
20 days of treatment for each such illness or injury, except that such



1 maximum limitation shall not apply whenever the Agency, on the  
2 basis of professional medical advice, shall determine that such  
3 illness or injury clearly is caused by the fact that such dependent  
4 is or has been located abroad;".

5 (6) In section 5, add the following new paragraphs (g)  
6 and (h):

7 "(g) Upon the termination of the assignment of an  
8 employee appointed from another Government agency without a break  
9 in service for duty with the Agency for a specific period of time  
10 agreed upon by both agencies, such person will be entitled to  
11 reemployment in such other Government agency in the position  
12 occupied at the time of assignment, or in a position of comparable  
13 salary, or, at the volition of the other Government agency, to a  
14 position of higher salary. Upon reemployment, the employee shall  
15 receive the within-grade salary advancements and other salary  
16 adjustments he would have been entitled to receive had he remained  
17 in the position in which he was employed prior to assignment to the  
18 Agency.

19 "(h) Settle and pay, whenever the Director determines  
20 that payment will further the purposes of this Act, without regard to

1 any other provisions of law and under such regulations as the  
2 Director may prescribe, in an amount not exceeding \$10,000, any  
3 claim against the United States for loss of or damage to real or  
4 personal property (including loss of occupancy or use thereof),  
5 belonging to, or for personal injury or death of, any person not a  
6 citizen or resident of the United States, where such claim arises  
7 abroad out of the act or omission of any Agency employee or out  
8 of the act or omission of any person acting on behalf of the Agency  
9 but only if such claim is presented in writing to the Agency  
10 activity involved within one year after it accrues."

11 (7) Renumber section 7 to read section 8. Renumber  
12 section 8 to read section 9, APPROPRIATIONS. Renumber  
13 section 9 to read section 10, SEPARABILITY OF PROVISIONS.  
14 Renumber section 10 to read section 11, SHORT TITLE. Add a  
15 new section 7 as follows:

16 "7. (a) For the benefit of or for use in connection  
17 with the Agency or for the benefit or welfare of employees of the  
18 Agency or their dependents, the Director is authorized, notwith-  
19 standing any other provisions of law--

20 "(1) to receive gifts to the Agency and in his discretion

1 to accept, receive, hold, administer, and expend or dispose  
2 of such gifts and bequests of property from individuals or  
3 others;

4 "(2) to disburse gifts, bequests of money, interest,  
5 profits, income, or proceeds from sales of other property  
6 received as gifts in accordance with the terms and conditions  
7 of the acceptance of any particular gift or bequest;

8 "(3) to invest, reinvest or retain investments of the  
9 money, property or securities and the interest, profits, or  
10 proceeds accruing from such money, property or securities;

11 Provided, however, That the Director is not authorized, as a  
12 consequence of gifts or bequests of money, property, or securities  
13 to the Agency, to engage in any business or to exercise any voting  
14 privilege which may be incidental to securities in his hands received  
15 as a gift to the Agency, nor shall the Director make any investments  
16 other than securities of the United States or other securities  
17 guaranteed as to principal and interest by the United States, except  
18 that he may make any investments directly authorized by the instru-  
19 ment of gift, and may retain any investments accepted by him;  
20 Provided further, That gifts, bequests of money, or proceeds from

1 other property are not utilized for the conduct of activities by the  
2 Agency, as authorized in section 4 et seq. of this Act through the  
3 augmentation or in lieu of appropriations by the United States  
4 Congress; And provided further, That the funds represented by the  
5 gifts, bequests of money, or proceeds from other property are  
6 not commingled with funds appropriated by the United States  
7 Congress.

8           "(b) For the purpose of Federal income, estate, and  
9 gift taxes, gifts and bequests accepted by the Director shall  
10 be deemed to be a gift or bequest to or for the use of the United  
11 States."

12           SEC. 2. Title II, The Central Intelligence Agency Retire-  
13 ment and Disability System, of the Central Intelligence Agency  
14 Retirement Act of 1964 for Certain Employees (50 U.S.C. 403,  
15 note) is amended as follows:

16           (1) Amend section 221 by striking out subsection (f) and  
17 inserting the following new paragraphs (f), (g), and (h):

18           "(f) Any unmarried participant retiring under the  
19 provisions of this Act and found by the Director to be in good health  
20 may at the time of retirement elect a reduced annuity, in lieu of the

1 annuity as hereinbefore provided, and designate in writing a  
2 person having an insurable interest (as that term is used in section  
3 9(h) of the Civil Service Retirement Act (5 U.S.C. 2259(h))) in the  
4 participant to receive an annuity after the participant's death. The  
5 annuity payable to the participant making such election shall be  
6 reduced by 10 per centum of an annuity computed as provided in  
7 paragraph (a) of this section, and by 5 per centum of an annuity so  
8 computed for each full five years the person designated is younger  
9 than the participant, but such total reduction shall not exceed  
10 40 per centum. The annuity of a survivor designated under this  
11 paragraph shall be 55 per centum of the reduced annuity computed  
12 as prescribed above.

13           "(g) Except as otherwise provided, the annuity of a  
14 participant shall commence on the day after separation from the  
15 service, or on the day after salary ceases and the participant meets  
16 the service and the age or disability requirements for title thereto.  
17 The annuity of a participant under section 234 shall commence on  
18 the day after the occurrence of the event on which payment thereof  
19 is based. An annuity otherwise payable from the fund allowed on  
20 or after date of enactment of this provision shall commence on the

1 day after the occurrence of the event on which payment thereof  
2 is based."

3           "(h) An annuity payable from the fund on or after date  
4 of enactment of this provision shall terminate (1) in the case of a  
5 retired participant, on the day death or any other terminating  
6 event occurs, or (2) in the case of a survivor, on the last day of  
7 the month before death or any other terminating event occurs."

8           (2) Amend section 252 by deleting subsection (c)(1);  
9 renumbering subsections (c)(2) and (c)(3) to read (c)(3) and (c)(4)  
10 and inserting the following new subsections (c)(1) and (c)(2):

11           "(c)(1) If an officer or employee under some other  
12 Government retirement system becomes a participant in the system  
13 by direct transfer, the Government's contributions under such  
14 retirement system on behalf of the officer or employee shall be  
15 transferred to the fund and such officer or employee's total contri-  
16 butions and deposits, including interest accrued thereon, except  
17 voluntary contributions, shall be transferred to his credit in the  
18 fund effective as of the date such officer or employee becomes a  
19 participant in the system. Each such officer or employee shall be  
20 deemed to consent to the transfer of such funds and such transfer

1 shall be a complete discharge and acquittance of all claims and  
2 demands against the other Government retirement fund on account  
3 of service rendered prior to becoming a participant in the system.

4           "(c)(2) If a participant in the system becomes an  
5 employee under another Government retirement system by direct  
6 transfer to employment covered by such system, the Government's  
7 contributions to the fund on his behalf may be transferred to the fund  
8 of the other system and his total contributions and deposits, including  
9 interest accrued thereon, except voluntary contributions, may be  
10 transferred to his credit in the fund of such other retirement system  
11 at the request of the officer or employee effective as of the date he  
12 becomes eligible to participate in such other retirement system.  
13 Each such officer or employee in requesting such transfer shall be  
14 deemed to consent to the transfer of such funds and such transfer  
15 shall be a complete discharge and acquittance of all claims and demands  
16 against the fund on account of service rendered prior to his becoming  
17 eligible for participation in such other system.

18           (3) Amend section 273 by deletion of subsection (a);  
19 renumbering subsection (b) to read (c) and inserting the following  
20 new subsections (a) and (b):

21           "(a) Notwithstanding any other provision of law, any

1 annuitant who has retired under this Act and who is reemployed  
2 in the Federal Government service in any appointive position  
3 either on a part-time or full-time basis shall be entitled to receive  
4 the salary of the position in which he is serving plus so much of  
5 his annuity payable under this Act which when combined with such  
6 salary does not exceed during any calendar year the basic salary  
7 such officer or employee was entitled to receive on the date of his  
8 retirement from the Agency. Any such reemployed officer or  
9 employee who receives salary during any calendar year in excess of  
10 the maximum amount which he may be entitled to receive under this  
11 paragraph shall be entitled to such salary in lieu of benefits here-  
12 under.

13               "(b) When any such annuitant is reemployed, he shall  
14 notify the Director of Central Intelligence of such reemployment  
15 and shall provide all pertinent information relating thereto."

16       SEC. 3. Section 102(b) of the Federal Employees Pay Act of 1945,  
17 as amended (5 U.S.C. § 902(b)), relating to exemption from coverage  
18 under the Act, is amended by striking out "and" immediately preceding  
19 "(7)" therein and by inserting before the period at the end thereof  
20 "; and (8) officers and employees of the Central Intelligence Agency".



## A BILL

To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes.

### EXPLANATION AND JUSTIFICATION

The purpose of the proposed bill is to provide for technical amendment to legislative authorities pertaining to the Central Intelligence Agency. Some of the provisions are necessary to achieve desired legal clarification of existing Agency authority; others are necessary to provide authorities which have been granted by Congress elsewhere in Government for travel, medical, claims, retirement and similar house-keeping-type programs.

The specific provisions of the proposed bill together with related Central Intelligence Agency statutory provisions, if any, and explanatory notes, are set forth in the Appendix, "Sectional Analysis and Explanation."

No additional costs to the Government will result from enactment of section 2, relating to the Agency disability and retirement system, and section 3, exclusion from the Federal Employees Pay Act of 1945, as amended. Additional costs of providing the new authorities set forth in section 1 are estimated not to exceed \$155,000.00 for the first full year.

The following statements are cited to the appropriate section and subsection of the proposed bill.

### SECTION 1

#### Sections 1(1) and (2) Procurement Authorities

The Central Intelligence Agency Act of 1949 authorized the Agency to exercise certain specified authorities contained in the Armed Services Procurement Act of 1947. Since that time the Armed Services Procurement Act has been codified and enacted into positive law in Title 10 of the United States Code. Consequently, the purpose of these subsections is to provide corrected citations to the Armed Services Procurement Act.

Section 1(3) Allowances and Benefits

Subsection (3) amends section 4 of the Central Intelligence Agency Act of 1949 adding three new paragraphs, [(1)(G), (1)(H), and (8)]. The preceding paragraphs of section 4 were originally patterned after allowances and benefits available to Foreign Service personnel. The new paragraphs are provisions which have been subsequently authorized by the Congress for Foreign Service personnel and they are:

(a) Rest and Recuperation Travel

Paragraph (1)(G) permits the travel of employees and members of their family at Government expense for certain designated hardship posts to an area where the employee and his family may relax and obtain needed freedom from climatic and other conditions which caused his post of assignment to be designated as a hardship post. For example, if an employee were stationed at a hardship post on the Gold Coast of Africa he could be permitted to travel once during a two-year tour or twice during a three-year tour to the Canary Islands or possibly Capetown, South Africa.

(b) Dependents Accompanying Employee on Temporary Duty

Not infrequently, an Agency employee, upon assignment to a permanent post of duty is directed to deviate to or stop at another post enroute in order to receive orientation or training. Paragraph (1)(H) would permit the dependents of the employee to travel concurrently and remain with him at the temporary duty post with appropriate travel expenses paid by the Agency. An example of this type of travel would be the transfer of an employee from Washington to a station on the Gold Coast of Africa but with a requirement that he spend ten days enroute for briefings and familiarization. This authority would avoid requiring the employee to choose between sending his family on to the Gold Coast prior to his arrival or scheduling his departure from Washington early in order to be at the post in time to meet his family upon their arrival.

(c) Orientation and Language Training for Dependents

Paragraph (8) will permit necessary orientation or language training for members of the employee's family where this is deemed necessary because of the circumstances of the prospective post of assignment or because of contemplated duties of the employee.

Section 1(4) Eighteen-month Home Leave

Existing authority to order employees to the United States from a post abroad for home leave is conditioned upon "completion of two years' continuous service abroad or as soon as possible thereafter." This proposal extends the two-year period to three years and also permits the Director, when hardship posts are involved, to order the employee on home leave after completion of 18 months of continuous service. At certain hardship posts it is highly desirable to return the employee for home leave after eighteen months; on the other hand, at posts where living conditions are more favorable, a tour of duty of three years is more appropriate than a two-year tour. Therefore, this proposal will give the Agency additional flexibility in managing the assignments of employees on a world-wide basis.

Section 1(5) Hospitalization and Travel for Medical Treatment

a. Travel for Medical Treatment

Existing legislation permits the Agency to pay the travel expenses of employees who suffer illness or injury abroad to the nearest locality where a suitable hospital exists. The proposed legislation removes the requirement of hospitalization and replaces it with a more realistic standard permitting travel at Government expense when travel is required to obtain adequate medical care. In many places medical care available locally is either nonexistent or is completely inadequate by U.S. standards; consequently, while the illness or injury may not require hospitalization, travel to a location where adequate medical care is available becomes a necessity. In addition, this provision includes the travel of dependents in the event of their illness or injury on the same basis as for the employee.

b. Hospitalization or Similar Treatment

Existing authority permits the Agency to pay the cost of hospitalization of an employee in the event of illness or injury incurred abroad. The proposed legislation would broaden this standard slightly by authorizing reimbursement not only for hospitalization but also for costs of medical treatment where hospitalization is not required. In many cases, although the illness or injury may not require hospitalization, treatment which cannot be obtained locally is required to prevent a more serious illness or aggravation of the injury. This proposed legislation would also permit similar reimbursement for expenses of dependents located abroad; however, for dependents there is a \$35.00 deductible clause and a maximum limitation of 120 days of treatment for each illness or injury. This maximum limitation will not apply in the event it is determined that the illness or injury clearly is caused by the fact of location of the dependent in the foreign area.

Section 1 (6) Reemployment Rights and Claims Authority

a. Reemployment Rights

This is a new authority for the Agency which would permit an individual to transfer from another department or agency to CIA for a specified period of time agreed upon by the two agencies and afford the individual statutory protection in reemployment upon completion of his Agency assignment. This authority is already available in slightly differing forms to such agencies as State Department and AID. It could be of material assistance in fulfilling critical personnel requirements in times of emergencies by giving employees transferring to CIA the assurance that they can return to their parent agency upon completion of their assignment to CIA.

b. Claims Authority

The Agency has found need for authority to process justifiable claims arising at overseas installations. The

proposed legislation would permit the Agency to settle such claims of noncitizens in amounts not exceeding \$10,000 for any one claim. This authority would extend to loss or damage to real or personal property or personal injury or death. Claims would only be payable where it was established that the loss arose abroad out of the act or omission of an Agency employee or a person acting on behalf of the Agency. Similar authority in a somewhat more extensive form is available to the military departments, Department of State and other agencies.

Section 1 (7) Authority to Accept Gifts

This subsection would authorize the Director to accept gifts and bequests to the Agency for the benefit or welfare of employees of the Agency or their dependents. It is anticipated that in future years there will be gifts or bequests from donors who are interested in the welfare of Agency employees and their dependents. For example, it is hoped that such funds may become available for scholarships which could be granted to children of Agency employees in deserving cases. This type of authority is available in varying forms to many agencies of Government today.

SECTION 2

Section 2(1) Annuity Commencement Date

Under the present CIA Retirement and Disability System, an annuitant who is fully qualified to retire and receive an immediate annuity must wait until the beginning of the month following his date of separation from the service to be eligible for such annuity. This rule works a hardship on employees who are eligible to retire and who desire to retire earlier than the last day of the month.

In addition, in an Agency such as CIA when employees may be members of either of two separate retirement systems, a difference in so simple a matter as the beginning date of the annuity is confusing to the employee. The proposed change would conform the CIA Retirement System to the Civil Service Retirement System with respect to the beginning date of the annuity.

### Section 2(2) Transfer of Contributions

This change permits the transfer of both the employer and employee contributions to the Government retirement fund from which the employee will receive his retirement benefits. At present, where an individual transfers into the CIA Retirement and Disability System from some other Government retirement system, there is provision for the transfer of the employee's contributions from the other Government retirement fund to the CIA fund, but there is no provision for transfer of the contributions made by the Government to such fund on the employee's behalf.

Further, there is at present no provision for the transfer of an employee's contributions from the CIA retirement fund to some other Government retirement fund in the event he changes employment. The result is that if an employee wishes to obtain credit for his CIA service under such other system, he must obtain a refund of his contributions and any interest applicable therein, pay tax on such interest, and then re-purchase service credit on the basis of his contributions plus the applicable interest rate under the retirement system which he has entered. This is inequitable and cumbersome. In addition, it denies to the receiving retirement system the benefit of the Government's contributions toward the retirement benefits ultimately to be granted to the employee.

The proposed change would correct the inequity to the employee and make it possible for the Government's contributions toward his retirement to be credited to the Government retirement fund from which his retirement benefits will ultimately be paid.

### Section 2(3) Reemployment of Annuitants

This provision (to authorize an annuitant reemployed in the Government to retain the salary of the new position and so much of his annuity when added to the new salary as does not exceed the salary at the time of retirement) relates to one of the basic problems of CIA for which it sought relief in the Central Intelligence Agency Retirement Act of 1964 for Certain Employees. It is imperative that CIA hold down the average age of the group of employees covered by the Central

Intelligence Agency Retirement Act of 1964 for Certain Employees. The retirement program established thereunder permits voluntary retirement at a relatively early age.

These retirees, however, with few exceptions will need to seek a second career and may well desire such a career elsewhere in Government. CIA employees do not acquire status in the competitive service however and much of their experience and competence cannot readily be related to normal Government positions. It is more probable, therefore, that the retired CIA employee will only be able to qualify initially for employment in the competitive service several grades below his terminal CIA position. Only if he can retain at least a portion of his annuity will he be able to remain in Government service without a drastic lowering of his standard of living. The total offset of annuity upon reemployment in Government service, as required by the present Act, will tend to limit second career employment opportunities for CIA retirees to the private sector. It will thus tend to deny to the Government the services of individuals who, even though they have completed their CIA careers, are highly competent.

Retirees under the CIA Retirement and Disability System have earned their annuities at the time when they retire. This principle appears to have been established for the Reserve military officer and, more recently, the retired regular military officer, and for the retired Foreign Service Officer. With respect to retired military officers, a reservist can retain both his civilian salary and his entire annuity, and a regular officer can retain his salary plus the first \$2,000 of his annuity and 50% of the balance thereof.

### SECTION 3

#### Federal Employees Pay Act

Civil Service Commission Regulations relating to premium pay (Federal Personnel Manual Supp. 990-2, at Book 550-2) issued under the authority of section 605 of the Federal Employees Pay Act of 1945, as amended, exclude officers and employees of the Central Intelligence Agency from coverage under the regulations.

This exclusion of Agency personnel from the Pay Act recognizes the pay-fixing authority granted to the Director of Central Intelligence in section 8(a) of the Central Intelligence Agency Act, as amended (50 U.S.C. 403j), and the specific exemption of the Agency's positions from the provisions of the Classification Act of 1949, as amended (5 U.S.C. 1082(16)). The Agency's unique conditions do not permit a salary administration program conforming in all respects to the specific principles and standards established in the two basic statutes governing salary administration in the classified civil service.

The Agency has developed a salary administration program which adheres closely to the principles and standards of the Classification Act regarding the classification of positions, establishment of entry salary rates, and the grant of merit and quality step increases and conforms generally to the principles and standards of the Pay Act regarding premium pay and hours of work. However, it has been necessary for the Agency to deviate somewhat from the specific practices required by these Acts to accommodate peculiar problems inherent in its mission and function. The proposed amendment clarifies the authority of the Director of Central Intelligence to do so by specifying the exclusion of its officers and employees from the provisions of the Pay Act.



A BILL

To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes.

SECTIONAL ANALYSIS AND EXPLANATION

(NOTE: Proposed legislation by section is set forth on the left with the existing Central Intelligence Agency statutory provision, if any, on the right.)

Proposed Legislation

Existing Legislation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Sec. 1. The Central Intelligence Agency Act of 1949, as amended (50 U.S.C. 403a et seq.), is further amended as follows:

(1) Amend section 3 by deletion of subsections (a) and (b) and substitute therefor:

"(a) In the performance of its functions, the Agency is authorized to exercise the authorities contained in sections 2301; 2302(2) and (3); 2303(b) and (c); 2304 (a)(1), (2), (3), (4), (5), (6), (10), (12), (15), and (17); 2305; 2306; 2307; and 2312 of title 10, United States Code."

Sec. 3. (a) In the performance of its functions the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2(c)(1), (2), (3), (4), (5), (6), (10), (12), (15), (17), and sections 3, 4, 5, 6, and 10 of the Armed Services Procurement Act of 1947 (Public Law 413, Eightieth Congress, second session).

Proposed Legislation

[Section 3(l) continued]

"(b) In the exercise of the authorities granted in subsection (a) of this section, the term 'Agency head' shall mean the Director and the Deputy Director."

(2) Amend section 3(d) by deletion of the wording "section 2(c) and section 5(a) of the Armed Services Procurement Act of 1947" from the first sentence and substitute therefor, "section 2304(a) and section 2307 of title 10, United States Code." Further amend section 3(d) by deletion of the wording "section 2(c), by section 4 or by section 5(a) of the Armed Services Procurement Act of 1947" from the second sentence and substitute therefor, "section 2304(a), by section 2306 or by section 2307 of title 10, United States Code."

Explanation: These sections update procurement authority references and terms used in the Central Intelligence Agency Act of 1949. The Armed Services Procurement Act of 1947 has been incorporated into title 10, "Armed Forces," U.S. Code. The term "Executive" as set forth in 3(b) of existing legislation is no longer used to designate a senior Agency official and consequently has been eliminated.

(3) Amend section 4 by adding the following new paragraphs (l)(G) and (l)(H), and (8), and further amend section 4 by deletion of the words "Under such regulations as the Director

Existing Legislation

(b) In the exercise of the authorities granted in subsection (a) of this section, the term "Agency head" shall mean the Director, the Deputy Director, or the Executive of the Agency.

(d) The power of the Agency head to make the determinations or decisions specified in paragraphs (12) and (15) of section 2(c) and section 5(a) of the Armed Services Procurement Act of 1947 shall not be delegable. Each determination or decision required by paragraphs (12) and (15) of section 2(c), by section 4 or by section 5(a) of the Armed Services Procurement Act of 1947, shall be based upon written findings made by the official making such determinations, which findings shall be final and shall be available within the Agency for a period of at least six years following the date of the determination.

Proposed Legislation

Existing Legislation

[Section 4 continued]

may prescribe, the Agency, with respect to its officers and employees assigned to duty stations outside of several States of the United States of America, excluding Alaska and Hawaii, but including the District of Columbia, shall--" and substitute therefor, "Under such regulations as the Director may prescribe, the Agency, with respect to its officers and employees assigned abroad to duty stations outside the several States of the United States of America, excluding Alaska and Hawaii, but including the District of Columbia, may--."

"(1)(G) Pay the travel expenses of officers and employees of the Agency and members of their families, while serving at posts specifically designated by the Director for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave."

None

Explanation: This section provides for travel of the employee and his dependents away from specifically designated posts for rest and recuperation in other locations abroad having more favorable environmental

Proposed Legislation

Existing Legislation

[Section 4 continued]

conditions. Such travel is necessary to the health and welfare of the individual and his family as well as the maintenance of a high standard of work productivity at the post of assignment. Similar authority has been provided by section 911(9) of the Foreign Service Act for Foreign Service personnel serving under comparable conditions.

"(1)(H) Pay the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is enroute to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty."

None

Explanation: This section provides for payment of the cost of travel of dependents to necessary temporary duty points enroute from one post of assignment to another. Such authority is necessary for consultation and retraining between assignments and is identical with section 911(10) of the Foreign Service Act.

"(8) Provide appropriate orientation and language training to members of family of officers and employees of the Agency in anticipation of the assignment abroad of such officers and employees, or while abroad."

None

Explanation: This section provides for orientation and language training for members of Agency families in regard to assignment abroad. It is substantively the same authority provided in section 701 of the Foreign Service Act.

(4) Amend section 4(3)(A) to read as follows:

"(3)(A) Order to any of the several States of the United States of America

Section 4 (3)(A) Order to any of the several States of the United

Proposed Legislation

Existing Legislation

[Section 4(3)(A) continued]

(including the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States) on leave of absence authorized in section 203(f) of the Annual and Sick Leave Act of 1951, as amended, each officer or employee of the Agency who was a resident of the United States (as described above) at the time of employment, upon completion of three years' continuous service abroad or as soon as possible thereafter, and may so order after completion of eighteen months such service without regard to the limitation contained in section 203(f) of the Annual and Sick Leave Act of 1951, as amended."

States of America (including the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States) on leave of absence each officer or employee of the Agency who was a resident of the United States (as described above) at time of employment, upon completion of two years' continuous service abroad, or as soon as possible thereafter."

Explanation: This section realigns existing Agency authority for home leave travel to bring it in accord with the authority set forth in section 933(a) of the Foreign Service Act. This section authorizes home leave travel after completion of 18 months

(5) Amend section 4(5) by striking out subsections (A) and (C) and inserting in lieu thereof the following new paragraphs (A) and (C):

"(A) In the event an officer or employee of the Agency or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance, or misconduct, while on assignment

Section 4 (5)(A) In the event of illness or injury requiring the hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on

Proposed Legislation

Existing Legislation

[Section 4 (5)(A) continued]

abroad in a locality where there is no qualified person or facility to provide such care, pay the travel expenses of such officer, employee, or dependent by whatever means deemed appropriate, by the Agency, including the furnishing of transportation, and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained and on his recovery pay for the travel expenses of his return to his post of duty. If any such person is too ill to travel unattended, or in the case of a dependent too young to travel alone, the Agency may also pay the round-trip travel expenses of an attendant or attendants;"

his part, incurred while on assignment abroad, in a locality where there does not exist a suitable hospital or clinic, pay the travel expenses of such officer or employee by whatever means he shall deem appropriate and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933 (47 Stat. 1516; 5 U.S.C. 73b), to the nearest locality where a suitable hospital or clinic exists and on his recovery pay for the travel expenses of his return to his post of duty. If the officer or employee is too ill to travel unattended, the Director may also pay the travel expenses of an attendant;

Explanation: This section extends to the dependents of Agency officers and employees stationed abroad the present provisions of law permitting the Director to pay expenses of transportation and authorizes such expenses to the nearest locality where suitable medical care can be obtained. Similar authority is provided at section 942 of the Foreign Service Act for dependents of Foreign Service personnel.

"(C)(i) In the event of illness or injury requiring hospitalization or similar treatment of an officer or employee of the Agency while on assignment abroad, not the result of vicious habits, intemperance, or misconduct on his part, pay for the cost of treatment of such illness or injury;

Section 4 (5)(C) In the event of illness or injury requiring hospitalization of an officer or full time employee of the Agency, not the result of vicious habits, intemperance, or misconduct on his part, incurred in the line of duty while such person is assigned

Proposed Legislation

Existing Legislation

[Section 4 (5)(C) continued]

abroad, pay for the cost of the treatment of such illness or injury at a suitable hospital or clinic;

"(ii) In the event a dependent of an officer or employee of the Agency who is assigned abroad, incurs an illness or injury while such dependent is located abroad, which requires hospitalization or similar treatment, and which is not the result of vicious habits, intemperance, or misconduct on his part, pay for that portion of the cost of treatment of each such illness or injury that exceeds \$35 up to a maximum limitation of one hundred and twenty days of treatment for each such illness or injury, except that such maximum limitation shall not apply whenever the Agency, on the basis of professional medical advice, shall determine that such illness or injury clearly is caused by the fact that such dependent is or has been located abroad;"

Explanation: This provision amends existing law pertaining to medical treatment of Agency officers and employees and extends medical treatment to their dependents. The benefits provided are the same as those set forth in section 941(a) and (b) of the Foreign Service Act. The amended language affords protection where the illness or injury requires hospitalization or "similar treatment" since at a number of posts hospital facilities are lacking or are so inadequate that the individual is assured better care by treatment at home.

(6) In section 5, add the following new paragraphs (g) and (h):

Proposed Legislation

Existing Legislation

[Section 5 continued]

"(g) Upon the termination of the assignment of an employee appointed from another Government agency without a break in service for duty with the Agency for a specific period of time agreed upon by both agencies, such person will be entitled to re-employment in such other Government agency in the position occupied at the time of assignment, or in a position of comparable salary, or, at the volition of the other Government agency, to a position of higher salary. Upon re-employment, the employee shall receive the within-grade salary advancements and other salary adjustments he would have been entitled to receive had he remained in the position in which he was employed prior to assignment to the Agency."

None

Explanation: This section provides reemployment rights with the former employing agency for individuals who transfer to the Central Intelligence Agency with the consent of the former employer. It is similar in substance to authority provided by section 528 of the Foreign Service Act and section 625(b) of the Act for International Development of 1961.

"(h) Settle and pay, whenever the Director determines that payment will further the purposes of this Act, without regard to any other provisions of law and under such regulations as the Director may prescribe, in an amount not exceeding \$10,000, any claim against the United States for loss of or damage to real or personal property (including loss of occupancy or use thereof),

None



Proposed Legislation

Existing Legislation

[Section 5(h) continued]

belonging to, or for personal injury or death of, any person not a citizen or resident of the United States, where such claim arises abroad out of the act or omission of any Agency employee or out of the act or omission of any person acting on behalf of the Agency but only if such claim is presented in writing to the Agency activity involved within one year after it accrues."

Explanation: This section authorizes the payment of meritorious claims arising in foreign countries from the acts or omissions of individuals engaged in Agency activities. The authority as outlined is similar to that granted the State Department for the settlement of claims up to \$2,500 under subsection 2(f) of P. L. 84-885; the authority of the military departments for settlement of claims up to \$15,000 as set forth in section 2734 of title 10, U. S. C.; and the authority for payment of claims up to \$10,000 set forth at section 10(b) of the Peace Corps Act, P. L. 87-293. The Federal Tort Claims Act does not apply in foreign countries and in keeping therewith separate authority for the settlement of such claims in overseas areas is required.

(7) Renumber section 7, to read section 8. Renumber section 8 to read section 9, APPROPRIATIONS. Renumber section 9 to read section 10, SEPARABILITY OF PROVISIONS. Renumber section 10 to read section 11, SHORT TITLE. Add a new section 7 as follows:

None

"7(a) For the benefit of or for use in connection with the Agency or for the benefit or welfare of employees of the Agency or their dependents the Director

Proposed Legislation

Existing Legislation

[Section 7(a) continued]

is authorized, notwithstanding any other provisions of law--

"(1) to receive gifts to the Agency and in his discretion to accept, receive, hold, administer, and expend or dispose of such gifts and bequests of property from individuals or others;

"(2) to disburse gifts, bequests of money, interest, profits, income or proceeds from sales of other property received as gifts in accordance with the terms and conditions of the acceptance of any particular gift or bequest;

"(3) to invest, reinvest, or retain investments of the money, property or securities and the interest, profits, or proceeds accruing from such money, property, or securities;

Provided, however, That the Director is not authorized, as a consequence of gifts or bequests of money, property or securities to the Agency, to engage in any business or to exercise any voting privilege which may be incidental to securities in his hands received as a gift to the Agency, nor shall the Director make any investments other than securities of the United States or other securities guaranteed as to principal and interest by the United States, except that he may make any investments directly authorized by the instrument of gift, and may retain any investments accepted by him; Provided further, That gifts,

Proposed Legislation

Existing Legislation

[Section 7(a)(3) continued]

bequests of money, or proceeds from other property are not utilized for the conduct of activities by the Agency, as authorized in section 4 et. seq. of this Act through the augmentation or in lieu of appropriations by the United States Congress; And provided further, That the funds represented by the gifts, bequests of money or proceeds from other property are not commingled with funds appropriated by the United States Congress.

"(b) For the purpose of Federal income, estate and gift taxes, gifts and bequests accepted by the Director shall be deemed to be a gift or bequest to or for the use of the United States."

None

Explanation: This section permits the acceptance of gifts and bequests to the Agency whether conditional or unconditional and allows the Director to administer them in accordance with the terms and conditions of the particular gift or bequest. It also allows the acceptance of gifts for the purpose of furthering the welfare of employees and their families. Normal exemption for the value of such gifts from gross income for Federal tax purposes is authorized.

Authority for the acceptance of gifts and exemption for tax purposes of the value thereof will authorize assistance such as acceptance of gifts such as donations to the library or to an historical intelligence collection and the acceptance of gifts and bequests directed for the benefit of employees or their dependents, such as educational scholarships for deserving children of Agency personnel.

Sec. 2. Title II, The Central Intelligence Agency Retirement and Disability System, of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees

Proposed Legislation

/Section 2 continued/

(50 U.S.C. 403, note) is amended as follows:

(1) Amend section 221 by striking out subsection (f) and inserting the following new paragraphs (f), (g), and (h):

"(f) Any unmarried participant retiring under the provisions of this Act and found by the Director to be in good health may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest (as that term is used in section 9(h) of the Civil Service Retirement Act (5 U.S.C. 2259(h))) in the participant to receive an annuity after the participant's death. The annuity payable to the participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section, and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the participant, but such total reduction shall not exceed 40 per centum. The annuity of a survivor designated under this paragraph shall be 55 per centum of the reduced annuity computed as prescribed above.

Existing Legislation

"(f) Any unmarried participant retiring under the provisions of this Act and found by the Director to be in good health may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest (as that term is used in section 9(h) of the Civil Service Retirement Act (5 U.S.C. 2259(h))) in the participant to receive an annuity after the participant's death. The annuity payable to the participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section, and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the participant, but such total reduction shall not exceed 40 per centum. The annuity of a survivor designated under this paragraph shall be 55 per centum of the reduced annuity computed as prescribed above. The annuity payable to a beneficiary under the provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable.

Proposed Legislation

"(g) Except as otherwise provided, the annuity of a participant shall commence on the day after separation from the service, or on the day after salary ceases and the participant meets the service and the age or disability requirements for title thereto. The annuity of a participant under section 234 shall commence on the day after the occurrence of the event on which payment thereof is based. An annuity otherwise payable from the fund allowed on or after date of enactment of this provision shall commence on the day after the occurrence of the event on which payment thereof is based."

"(h) An annuity payable from the fund on or after date of enactment of this provision shall terminate (1) in the case of a retired participant, on the day death or any other terminating event occurs, or (2) in the case of a survivor, on the last day of the month before the death or any other terminating event occurs."

Explanation: This change authorizes the payment of annuities from the fund as soon as a participant otherwise eligible for an annuity enters non-pay status and incorporates specific provisions for commencement of annuities to survivors other than children, and the termination of annuities to retirees and survivors. The language relating to commencement of annuities is comparable to that of section 14(b) of the Civil Service Retirement Act.

(2) Amend section 252 by deleting subsection (c)(1); renumbering subsection (c)(2) and (c)(3) to read (c)(3) and (c)(4) and inserting the following new subsections (c)(1) and (c)(2):

"(c)(1) If an officer or employee under some other Government retirement system becomes a participant in the system by

Existing Legislation

Sec. 252.(c)(1) If an officer or employee under some other Government retirement

Proposed Legislation

Existing Legislation

[Section (2)(c)(1) continued]

direct transfer, the Government's contributions under such retirement system on behalf of the officer or employee and such officer and employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the fund effective as of the date such officer or employee becomes a participant in the system. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the system.

system becomes a participant in the system by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the fund effective as of the date such officer or employee becomes a participant in the system. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the system.

"(c)(2) If a participant in the system becomes an employee under another Government retirement system by direct transfer to employment covered by such system, the Government's contributions to the fund on his behalf and his total contributions and deposits, including interest accrued thereon, except voluntary contributions, may be transferred to the fund of such other retirement system at the request of the officer or employee effective as of the date he becomes eligible to participate in such other retirement system. Each such officer or employee in requesting such transfer shall be deemed to consent to the transfer of

Proposed Legislation

Existing Legislation

[Section (2)(c)(2) continued]

such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the fund on account of service rendered prior to his becoming eligible for participation in such other system."

Explanation: This change permits the transfer to the fund of the Government's contributions as well as the contributions of the employee when an employee is transferred from some other Government retirement system to the CIA Retirement and Disability System. In addition, it authorizes the transfer from the fund of the employee's and the Government's contributions to the CIA Retirement and Disability System whenever a participant becomes eligible for participation in any other Government retirement system.

(3) Amend section 273 by deletion of subsection (a); renumbering subsections (b) and (c) to read (c) and (d); and inserting the following new subsections (a) and (b):

"(a) Notwithstanding any other provision of law, any annuitant who has retired under this Act and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act which when combined with such salary does not exceed during any calendar year the basic salary such officer or employee was entitled to

Sec. 273. (a) Notwithstanding any other provision of law, any annuitant who has retired under this Act and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis shall be entitled to receive his annuity payable under this Act, but there shall be deducted from his salary a sum equal to the annuity allocable to the period of actual employment.

Proposed Legislation

Existing Legislation

[Section (3)(a) continued]

receive on the date of his retire-  
ment from the Agency. Any such  
reemployed officer or employee who  
receives salary during any calendar  
year in excess of the maximum  
amount which he may be entitled to  
receive under this paragraph shall  
be entitled to such salary in lieu of  
benefits hereunder.

"(b) When any such annuitant  
is reemployed, he shall notify the  
Director of Central Intelligence of  
such reemployment and shall  
provide all pertinent information  
relating thereto."

Explanation: This provision will permit an annuitant retired under the Central Intelligence Agency Retirement Act of 1964 for Certain Employees to receive his full salary upon reemployment in the Federal Government service subject to a maximum limitation of combined salary and annuity in the amount of his salary at the time of retirement. This provision further imposes on the annuitant the requirement to notify the Director of Central Intelligence of such reemployment.

Sec. 3. Section 102(b) of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. § 902(b)), relating to exemption from coverage under the Act, is amended by striking out "and" immediately preceding "(7)" therein and by inserting before the period at the end thereof "; and (8) officers and employees of the Central Intelligence Agency."

None



Proposed Legislation

Existing Legislation

[Section 3 continued]

Explanation: This change amends the Federal Employees Pay Act of 1945, as amended (5 U.S.C. §902(b)) to include the officers and employees of the Central Intelligence Agency among those already excluded from the provisions of that Act.

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D. C. 20505

OFFICE OF THE DIRECTOR

Honorable John W. McCormack  
Speaker  
House of Representatives  
Washington, D. C. 20515

Dear Mr. Speaker:

This letter transmits for the consideration of the Congress, a draft bill to amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes. The purpose of the proposed bill is to provide for technical amendment to legislative authorities pertaining to the Central Intelligence Agency. Provisions relating to personnel benefits, claims arising in foreign areas and acceptance of gifts are included to accomplish purposes which we believe necessary.

We consider enactment of the proposed bill to be essential to the effective performance of our mission and would appreciate early and favorable consideration. The Bureau of the Budget has advised that there is no objection to the presentation of the proposed bill to the Congress from the standpoint of the Administration's program.

Sincerely,

W. F. Raborn  
Director

Enclosures

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D. C. 20505

OFFICE OF THE DIRECTOR

Honorable Hubert H. Humphrey  
President of the Senate  
Washington, D. C. 20510

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Sincerely,

W. F. Raborn  
Director

Enclosures